

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

BOARD OF RETIREMENT

**2223 E. WELLINGTON AVENUE, SUITE 100
SANTA ANA, CA 92701**

PERSONNEL COMMITTEE MEETING

Wednesday, May 24, 2023

2:00 P.M. or immediately following the Investment Committee Meeting, whichever is later.

Members of the Committee

Charles Packard, Chair
Roger Hilton, Vice Chair
Shawn Dewane
Chris Prevatt

Members of the public who wish to observe and/or participate in the meeting may do so (1) from the OCERS Boardroom or (2) via the Zoom app or telephone (information below) from any location.

OCERS Zoom Meeting Video/Teleconference Information	
<p>Join Using Zoom App (Video & Audio)</p> <p>https://ocers.zoom.us/j/82234541564</p> <p>Meeting ID: 822 3454 1564 Passcode: 943497</p> <p>Go to https://www.zoom.us/download to download Zoom app before meeting</p> <p>Go to https://zoom.us to connect online using any browser.</p>	<p>Join by Telephone (Audio Only)</p> <p>Dial by your location</p> <ul style="list-style-type: none"> +1 669 900 6833 US (San Jose) +1 346 248 7799 US (Houston) +1 253 215 8782 US (Tacoma) +1 312 626 6799 US (Chicago) +1 929 436 2866 US (New York) +1 301 715 8592 US (Germantown) <p>Meeting ID: 822 3454 1564 Passcode: 943497</p>
<p>A Zoom Meeting Participant Guide is available on OCERS website Board & Committee meetings page</p>	

AGENDA

This agenda contains a brief general description of each item to be considered. The Committee may take action on any item included in the following agenda; however, except as otherwise provided by law, no action shall be taken on any item not appearing on the agenda. The Committee may consider matters included on the agenda in any order, and not necessarily in the order listed.

OPEN SESSION

- 1. CALL MEETING TO ORDER AND ROLL CALL**
- 2. COMMITTEE MEMBER REQUEST TO PARTICIPATE VIA ZOOM UNDER “EMERGENCY CIRCUMSTANCES” EXCEPTION
(Government Code section 54953(f))**

Recommendation: Approve Committee member Charles Packard’s request to participate in the meeting via Zoom under the “Emergency Circumstances” exception of Government Code section 54953(f).

3. PUBLIC COMMENTS

Members of the public who wish to provide comment during the meeting may do so by “raising your hand” in the Zoom app, or if joining by telephone, by pressing * 9 on your telephone keypad. Members of the public who participate in the meeting from the OCERS Boardroom and who wish to provide comment during the meeting may do so from the podium located in the OCERS Boardroom. When addressing the Committee, please state your name for the record prior to providing your comments. Speakers will be limited to three (3) minutes.

At this time, members of the public may comment on (1) matters not included on the agenda, provided that the matter is within the subject matter jurisdiction of the Committee; and (2) any matter appearing on the Consent Agenda.

In addition, public comment on matters listed on this agenda will be taken at the time the item is addressed.

CONSENT AGENDA

All matters on the Consent Agenda are to be approved by one action unless a Committee Member requests separate action on a specific item.

C-1 APPROVAL OF COMMITTEE MEETING MINUTES

Personnel Committee Meeting

October 12, 2022

Recommendation: Approve minutes.

ACTION ITEMS

NOTE: Public comment on matters listed in this agenda will be taken at the time the item is addressed, prior to the Committee’s discussion of the item. **Members of the public who wish to provide comment in connection with any matter listed in this agenda may do so by “raising your hand” in the Zoom app, or if joining by telephone, by pressing * 9, at the time the item is called. Persons attending the meeting in person and wishing to provide comment on a matter listed on the agenda should fill out a speaker card located at the back of the Boardroom and deposit it in the Recording Secretary’s box located near the back counter.**

A-1 INDIVIDUAL ACTION ON ANY ITEM TRAILED FROM THE CONSENT AGENDA

A-2 REVIEW OF PERSONNEL COMMITTEE CHARTER

Presentation by Cynthia Hockless, Director of Human Resources

Recommendation: Review the attached Personnel Committee Charter and recommend any approved changes to the OCERS Board of Retirement.

A-3 OCERS CEO PERFORMANCE REVIEW CRITERIA

Presentation by Steve Delaney, Chief Executive Officer

Recommendation: OCERS Board Chair Dewane would like the committee to direct staff to craft language changing the criteria used in judging the CEO's performance to a process focused on how well the CEO performed in executing the Board's multi-year strategic plan goals.

A-4 CEO PERFORMANCE REVIEW TIME PERIOD

Presentation by Steve Delaney, Chief Executive Officer and Cynthia Hockless, Director of Human Resources

Recommendation: Change the period for the Chief Executive Officer's (CEO) performance review from an annual January through December time period, to one that coincides with the OCERS Board's annual September review of the Strategic Plan, by moving the performance review period to September through August.
Make the change effective with a truncated 2023 performance review period of January 2023 through August 2023.

Do NOT change the related salary consideration, with that process remaining as part of the normal October/November budget consideration and approval.

INFORMATION ITEMS

Each of the following informational items will be presented to the Committee for discussion.

I-1 CEO ANNUAL SALARY NEGOTIATIONS

Presentation by Steve Delaney, Chief Executive Officer

Recommendation: OCERS Board Chair Dewane suggests the OCERS Board begin using the services of an appointed negotiator, to work annually with the CEO during salary considerations as provided for in Government Code 5497.6(a).

I-2 OCERS CLASSIFICATION AND COMPENSATION STUDY - UPDATE

Presentation by Cynthia Hockless, Director of Human Resources

Recommendation: Receive and file.

WRITTEN REPORTS

The following are written reports that will not be discussed unless a member of the Committee requests discussion.

NONE

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COMMITTEE MEMBER COMMENTS

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

COUNSEL COMMENTS

ADJOURNMENT

NOTICE OF NEXT MEETINGS

GOVERNANCE COMMITTEE MEETING

May 31, 2023

9:30 A.M.

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
2223 E. WELLINGTON AVENUE, SUITE 100
SANTA ANA, CA 92701**

AUDIT COMMITTEE MEETING

June 1, 2023

9:30 A.M.

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
2223 E. WELLINGTON AVENUE, SUITE 100
SANTA ANA, CA 92701**

DISABILITY COMMITTEE MEETING

June 19, 2023

8:30 A.M.

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
2223 E. WELLINGTON AVENUE, SUITE 100
SANTA ANA, CA 92701**

REGULAR BOARD MEETING

June 19, 2023

9:30 A.M.

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
2223 E. WELLINGTON AVENUE, SUITE 100
SANTA ANA, CA 92701**

AVAILABILITY OF AGENDA MATERIALS - Documents and other materials that are non-exempt public records distributed to all or a majority of the members of the OCERS Board or Committee of the

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Board in connection with a matter subject to discussion or consideration at an open meeting of the Board or Committee of the Board are available at the OCERS' website: <https://www.ocers.org/board-committee-meetings>. If such materials are distributed to members of the Board or Committee of the Board less than 72 hours prior to the meeting, they will be made available on the OCERS' website at the same time as they are distributed to the Board or Committee members. Non-exempt materials distributed during an open meeting of the Board or Committee of the Board will be made available on the OCERS' website as soon as practicable and will be available promptly upon request.

It is OCERS' intention to comply with the Americans with Disabilities Act ("ADA") in all respects. If, as an attendee or participant at this meeting, you will need any special assistance beyond that normally provided, OCERS will attempt to accommodate your needs in a reasonable manner. Please contact OCERS via email at adminsupport@ocers.org or call 714-558-6200 as soon as possible prior to the meeting to tell us about your needs and to determine if accommodation is feasible. We would appreciate at least 48 hours' notice, if possible. Please also advise us if you plan to attend meetings on a regular basis.

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
2223 E. WELLINGTON AVENUE, SUITE 100
SANTA ANA, CALIFORNIA**

**PERSONNEL COMMITTEE MEETING
October 12, 2022
9:00 a.m.**

MINUTES

OPEN SESSION

Chair Prevatt called the meeting to order at 9:00 a.m.

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

Present via Zoom Video conference pursuant to Government Code § 54953, as amended by AB 361:

Present: Richard Oates

Also Present: Gina Ratto, General Counsel; Brenda Shott, Assistant CEO, Internal Operations; Suzanne Jenike, Assistant CEO, External Operations; Tracy Bowman, Director of Finance; Bill Singleton, Legal Staff Analyst; Ayanna McGiffert, Recording Secretary; Anthony Beltran, Audio Visual Technician.

Present via Zoom: Chris Prevatt, Chair; Charles Packard, Vice Chair; Shawn Dewane, Board Member; Steve Delaney, Chief Executive Officer; David Kim, Director of Internal Audit; Jeff Lamberson, Director of Member Services; Jenny Sadoski, Director of Information Technology; Gina Ratto, General Counsel; Brenda Shott, Assistant CEO, Internal Operations; Suzanne Jenike, Assistant CEO, External Operations.

PUBLIC COMMENT

None.

C-1 COMMITTEE MEETING:

Approval of Meeting and Minutes

Personnel Committee Meeting Minutes

September 28, 2022

MOTION by Mr. Packard, **seconded** by Mr. Dewane, to approve the Minutes.

The motion passed **unanimously**.

A-1 INDIVIDUAL ACTION ON ANY ITEM TRAILED FROM THE CONSENT AGENDA

Personnel Committee Meeting
October 12, 2022

A-2a OCERS CERTIFICATION INCENTIVE PROGRAM

Presentation by Steve Delaney, CEO and Brenda Shott, Assistant to CEO of Internal Operations, OCERS

Recommendation: Receive and file.

After Committee discussion, **MOTION** by Mr. Oates, **seconded** by Mr. Packard to adopt staff's recommendation.

The motion passed **unanimously.**

A-2b OCERS CERTIFICATION INCENTIVE PROGRAM 20 HOURS OF CONTINUED EDUCATION

Presentation by Steve Delaney, CEO and Brenda Shott, Assistant to CEO of Internal Operations, OCERS

Recommendation: Receive and file.

After Committee discussion, **MOTION** by Mr. Oates, **seconded** by Mr. Packard to adopt staff's recommendation.

The motion passed **unanimously.**

COMMITTEE MEMBER COMMENTS

None

STAFF COMMENTS

None

CHIEF EXECUTIVE OFFICER

COUNSEL COMMENTS

None

ADJOURNMENT

Chair Prevatt adjourned the meeting at 9:34 a.m.

Submitted by:

Approved by:

Steve Delaney
Secretary to the Board

Charles Packard
Chair



Memorandum

DATE: May 24, 2023
TO: Members of the Personnel Committee
FROM: Cynthia Hockless, Director of Human Resources
SUBJECT: REVIEW OF PERSONNEL COMMITTEE CHARTER

Recommendation

Review the attached Personnel Committee Charter and recommend any approved changes to the OCERS Board of Retirement.

Background/Discussion

In 2018, the Board formed the Personnel Committee to assist the Board by reviewing, amending, and recommending new personnel policies and procedures, and advising the Board with respect to compensation and benefit issues, affecting OCERS employees. On March 18, 2019, the Board adopted the attached Personnel Committee Charter.

As we begin the New Year, staff asks that the Personnel Committee members review the attached charter to ensure they are familiar with the duties and responsibilities of the committee. I have made some suggested modifications and will be prepared to discuss those with the committee on May 24. If such modifications are approved by the committee, they will be carried forward to the OCERS Board for adoption.

Submitted by:



CH - Approved

Cynthia Hockless
Human Resources Director

Approved by:



SD - Approved

Steve Delaney
Chief Executive Officer



OCERS Board Charter Personnel Committee Charter

Introduction

- 1. The Board of Retirement (Board) has established the Personnel Committee to assist the Board by reviewing, amending, and recommending personnel policies and procedures affecting OCERS direct employees and County of Orange employees who work at OCERS (County employees). The Personnel Committee is an advisory committee to the Board, and its recommendations are subject to final approval by the Board.

Duties and Responsibilities

- 2. The Personnel Committee will:
 - a. ~~Recommend new and review existing Board policies relating to OCERS personnel matters including without limitation the CEO Performance Evaluation Policy and the Succession Policy; Recommend new and review existing Board policies and procedures affecting OCERS employees, both direct and County of Orange, relating to performance and compensation.~~
 - b. ~~Review and recommend to the Board for approval personnel policies and procedures affecting OCERS direct employees, including policies and procedures relating to performance and compensation; Direct the annual review of CEO performance by reviewing and recommending changes to the CEO Performance Review policy, and coordinate with the Director of Human Resources the timeline of the process, as well as details for obtaining individual trustee input.~~
 - ~~b.~~ c. Advise the Chief Executive Officer (CEO) in connection with matters affecting County employees.
 - ~~c.~~ d. Advise the ~~Chief Executive Officer~~ (CEO) regarding the hiring and termination of the Chief Investment Officer (CIO), the Assistant Chief Executive Officer, Internal Operations, the Assistant Chief Executive Officer, External Operations, and the General Counsel;
 - ~~d.~~ e. Review and recommend to the Board for approval salary ranges for all OCERS direct employees according to established compensation policies and procedures and ~~within~~with the approved Operating Budget;
 - ~~e.~~ f. Oversee the compensation paid to all OCERS direct employees according to established compensation and benefit policies and procedures and consistent with the CEO Charter;
 - ~~f.~~ g. Advise the CEO in connection with any issues relating to compensation paid to County employees.
 - ~~g.~~ h. Oversee senior executive long-term succession planning;
 - ~~h.~~ i. ~~Conduct the selection process of the Board's executive compensation consultant(s) and executive search firm(s), if any, and recommend the finalist to the Board; Oversee selection and hiring process of compensation consultant(s).~~
 - ~~i.~~ j. In case of needing to fill the CEO position (or any other Senior Executive position if so desired), conduct the selection process for an executive search firm(s) if needed, and recommend the finalist to the Board.

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OCERS Board Charter Personnel Committee Charter

k. Oversee training, talent development and succession planning programs affecting OCERS direct employees and County employees, including practices to recruit, develop, motivate and retain competent employees;

l. Direct the CEO to negotiate terms and conditions of employment with OCERS direct employees; and

m. Perform any other duties that may be assigned to it by the Board or that are necessary to discharge the committee's responsibilities with respect to OCERS direct employees.

Membership

3. The Personnel Committee will be composed of at least three members and include both an appointed and elected Board member.

Meetings

4. The Personnel Committee will meet on an as needed basis as determined by the Committee Chair in consultation with the Board Chair.
5. All members of the Personnel Committee are expected to attend all meetings of the committee.
6. A quorum to conduct business will consist of two members of the committee.
7. The Assistant CEO for Internal Operations (or his/her designee), the Director of Administrative Services (or his/her designee), and whatever staff deemed necessary, will attend all meetings of the Personnel Committee. Meeting notices will be provided to interested parties in conformance with applicable laws, regulations, customs, and practices.
8. All meetings will be conducted in accordance with the Brown Act. Meeting agendas will be prepared and provided in advance to members of the committee, along with appropriate briefing materials. Minutes of meetings will be prepared and will contain a record of persons present, decisions taken, and a high-level summary of the discussion.

Monitoring and Reporting

9. The Personnel Committee will:
 - a. Make its minutes available to all Members of the Board; and
 - b. Periodically report to the Board on its activities.

Charter Review

10. The Personnel Committee will review this charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the charter remains relevant and appropriate.

Charter History

11. This charter was adopted by the Board of Retirement on March 18, 2019.



OCERS Board Charter
Personnel Committee Charter

Secretary's Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.

Steve Delaney

03/18/19

Steve Delaney, Secretary of the Board

Date



OCERS Board Charter

Personnel Committee Charter

Introduction

1. The Board of Retirement (Board) has established the Personnel Committee to assist the Board by reviewing, amending, and recommending personnel policies and procedures affecting OCERS direct employees and County of Orange employees who work at OCERS (County employees). The Personnel Committee is an advisory committee to the Board, and its recommendations are subject to final approval by the Board.

Duties and Responsibilities

2. The Personnel Committee will:
 - a. Recommend new and review existing Board policies and procedures affecting OCERS employees, both direct and County of Orange, relating to performance and compensation.
 - b. Direct the annual review of CEO performance by reviewing and recommending changes to the CEO Performance Review policy, and coordinate with the Director of Human Resources the timeline of the process, as well as details for obtaining individual trustee input.
 - c. Advise the Chief Executive Officer (CEO) in connection with matters affecting County employees.
 - d. Advise the CEO regarding the hiring and termination of the Chief Investment Officer (CIO), the Assistant Chief Executive Officer, Internal Operations, the Assistant Chief Executive Officer, External Operations, and the General Counsel;
 - e. Review and recommend to the Board for approval salary ranges for all OCERS direct employees according to established compensation policies and procedures and within the approved Operating Budget;
 - f. Oversee the compensation paid to all OCERS direct employees according to established compensation and benefit policies and procedures and consistent with the CEO Charter;
 - g. Advise the CEO in connection with any issues relating to compensation paid to County employees.
 - h. Oversee senior executive long-term succession planning;
 - i. Oversee selection and hiring process of compensation consultant(s).
 - j. In case of needing to fill the CEO position (or any other Senior Executive position if so desired), conduct the selection process for an executive search firm(s) if needed, and recommend the finalist to the Board.
 - k. Oversee training, talent development and succession planning programs affecting OCERS direct employees and County employees, including practices to recruit, develop, motivate and retain competent employees;
 - l. Direct the CEO to negotiate terms and conditions of employment with OCERS direct employees; and



OCERS Board Charter Personnel Committee Charter

- m. Perform any other duties that may be assigned to it by the Board or that are necessary to discharge the committee's responsibilities with respect to OCERS direct employees.

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OCERS Board Charter Personnel Committee Charter

Secretary's Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.

A handwritten signature in blue ink that reads "Steve Delaney".

03/18/19

Steve Delaney, Secretary of the Board

Date



Memorandum

DATE: May 24, 2023
TO: Members of the Personnel Committee
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: OCERS CEO PERFORMANCE REVIEW CRITERIA

Recommendation

OCERS Board Chair Dewane would like the committee to direct staff to craft language changing the criteria used in judging the CEO's performance to a process focused on how well the CEO performed in executing the Board's multi-year strategic plan goals.

Background/Discussion

Presently the Chief Executive Officer (CEO) Performance Evaluation Policy (attached) allows for the OCERS Board annual review of the CEO's performance, consistent with the Strategic Plan as adopted by the Board, to use the following six criteria:

6. In addition, the CEO's performance for the prior twelve months may be based on the six categories below:
 - a. Achievement of performance targets established for the System as a whole;
 - b. Implementation of the annual Business Plan;
 - c. Implementation of Board policies and associated reporting to the Board;
 - d. Leadership and related qualities;
 - e. Ability to address special developments or situations that may arise; and
 - f. Other criteria that the Board may determine to be appropriate...

Note that Section 6 of the policy states those six criteria points are "in addition", to an earlier directive. That earlier directive is found in the preceding Sections 4 and 5:

4. The Chair and Vice Chair will be responsible for coordinating the evaluation process...

Process and Timelines

5. The Chief Executive Officer will discuss the following items with the Chair during November each year:
 - a. Proposed CEO evaluation criteria for the coming calendar year;

- b. Proposed weights for each of the above criteria; and
- c. Proposed CEO Evaluation Form for the coming calendar year.

Because the Board Chair is allowed each year to craft his or her own specific criteria, those have changed over time. In 2022 CEO Delaney's performance was reviewed based on the following ten criteria:

1. Fund Security and Sustainability
2. Risk Management
3. Talent Management
4. Direction and oversight of benefit administration
5. Direction and oversight of the investment program
6. Direction and oversight of internal operations
7. Communications (membership, sponsors, Board, staff, public)
8. Addressing exigent situations that arose during the year
9. Addressing the opportunities to grow identified in this evaluation
10. Overall leadership and development of the organization

Chair Dewane would recommend the Board judge the CEO's annual performance using the five stated goals of the current Strategic Plan (attached) as the sole criteria:

Those goals are:

1. Fund Sustainability
2. Excellent Service and Support
3. Risk Management
4. Talent Management
5. Effective Governance

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer



OCERS Board Policy

Chief Executive Officer Performance Evaluation Policy

Background and Objectives

1. The Board of Retirement supervises the Chief Executive Officer. Formal evaluation procedures and practices are required. This process shall be performed on an annual basis.
2. The objectives of this policy are to:
 - a. Assist the Board in arriving at and communicating clear and meaningful goals and performance targets for the Chief Executive Officer;
 - b. Ensure that the Chief Executive Officer receives meaningful, objective, and timely feedback that will allow the Chief Executive Officer to perform, over time, at the highest levels possible; and
 - c. Enable the Board to hold the Chief Executive Officer accountable for performance.

Roles

3. The Board will be responsible for evaluating the performance of the Chief Executive Officer.
4. The Chair and Vice Chair will be responsible for coordinating the evaluation process. The Board may use a third party to facilitate the process.

Policy Guidelines

Process and Timelines

5. The Chief Executive Officer will discuss the following items with the Chair during November each year:
 - a. Proposed CEO evaluation criteria for the coming calendar year;
 - b. Proposed weights for each of the above criteria; and
 - c. Proposed CEO Evaluation Form for the coming calendar year.
6. In addition, the CEO's performance for the prior twelve months may be based on the six categories below:
 - a. Achievement of performance targets established for the System as a whole;
 - b. Implementation of the annual Business Plan;
 - c. Implementation of Board policies and associated reporting to the Board;
 - d. Leadership and related qualities;
 - e. Ability to address special developments or situations that may arise; and
 - f. Other criteria that the Board may determine to be appropriate.



OCERS Board Policy

Chief Executive Officer Performance Evaluation Policy

7. The Board will attempt to ensure that the criteria:
 - a. Are objective and measurable; and
 - b. Pertain only to outcomes over which the Chief Executive Officer has a reasonable degree of control.
8. The Chair shall distribute the CEO Evaluation Package to each member of the Board in October of each year. The Evaluation Package will include copies of the Evaluation Form to be completed by each Board member, Business Plan, and the CEO's self-evaluation. The Chief Executive Officer's self-evaluation report is designed to assist the Board in the evaluation process. It should describe the extent to which the CEO believes the evaluation criteria were met over the past year, as well as all relevant supporting data. Supporting data may be confirmed by internal audit material where appropriate. The report may also describe any additional accomplishments during the year.
9. The Board shall treat this material as confidential. Completed individual Evaluation Forms will be returned to the Chair or the designated third party with a copy to the Vice Chair within the time frame specified. The Chair will ensure that all data is tabulated and summarized in a Master CEO Evaluation Form and treated as confidential until released to the Board.
10. Evaluation of the Chief Executive Officer will be completed by November each year. The evaluation process itself will be conducted in executive session. The Chair will distribute a copy of the Master CEO Evaluation Form and invite discussion by the Board. At the conclusion of discussion, the Chief Executive Officer will join the Board for review and discussion of his/her performance along with any suggestions for improvement. The Board may have preliminary discussions in October, but will complete the process by November.
11. Upon completion of the Master CEO Evaluation Form, the Chair and the Chief Executive Officer will sign the Master CEO Evaluation Form and cause it to be placed in the Chief Executive Officer's personnel file.

Documentation

12. The Individual and Master CEO Evaluation Form(s) may take any format the Board deems appropriate, but must allow Board members an opportunity to provide general comments.

Compensation

13. The Board of Retirement will consider the Chief Executive Officer's compensation at the time the performance evaluation is conducted.



OCERS Board Policy Chief Executive Officer Performance Evaluation Policy

Policy Review

- 14. The Board will review this policy at least every three years to ensure that it remains relevant and appropriate.

Policy History

- 15. This policy will be implemented in February 19, 2002. This policy was revised May 16, 2005, May 19, 2008, March 22, 2010, January 21, 2014 , November 14, 2016 and August 19, 2019.

Secretary’s Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.

Steve Delaney
Secretary of the Board

08/19/19

Date



OCERS Board Charter CEO Charter

Introduction

1. The Board of Retirement (Board) will appoint a Chief Executive Officer (CEO) who will serve at its pleasure. The CEO is the most senior executive of OCERS and is not subject to county civil service and merit system rules. This charter sets out the roles and responsibilities of the CEO.

Duties and Responsibilities

Leadership and Policy Analysis

2. The CEO will provide leadership for the OCERS staff in implementing the programs necessary to achieve the mission, goals and objectives established by the Board. The CEO will manage the day-to-day affairs of OCERS in accordance with policies established by the Board, and may delegate duties to senior management as necessary. In so doing, the CEO will solicit advice and counsel from the Board, the Board Chair, or individual Board members, as appropriate.
3. The CEO will provide support to the Board and its committees in establishing all policies of the Board including identifying and analyzing issues requiring Board policy, and providing well-supported policy recommendations for consideration by the Board or its committees.
4. The CEO will be responsible for ensuring that all policies of the Board and provisions of the County Employees Retirement Law, with the exception of governance policies pertaining to the conduct of the Board, are properly implemented.

Governance

5. The CEO will:
 - a. Recommend to the Governance Committee policies to help ensure appropriate governance practices;
 - b. Assist the Board in implementing its governance policies, charters, and By-Laws; and
 - c. Assist with Board member education and travel.
6. The CEO will serve as Secretary to the Board and, as such, will carry out the following duties:
 - a. Coordinate meetings, agendas, schedules and presentations for both Board and committee meetings in accordance with the Ralph M Brown Act (California Government Code §§54950, *et seq.*);
 - b. Maintain minutes of Board and committee meetings;
 - c. Sign minutes upon approval of the Board;
 - d. Sign subpoenas; and
 - e. Serve as OCERS' filing officer for purpose of compliance with the California Political Reform Act and regulations of the Fair Political Practices Commission.



OCERS Board Charter CEO Charter

Investments

7. The CEO will:
 - a. Employ a Chief Investment Officer (CIO) with appropriate education and experience in institutional investing;
 - b. Carry out the duties described in this section through the CIO and other professional investment staff;
 - c. Recommend to the Investment Committee an Investment Policy Statement which will include investment objectives;
 - d. Recommend to the Investment Committee strategies for achieving OCERS' investment objectives;
 - e. Ensure the implementation of the strategies approved by the Board by establishing manager structures for each asset class, which includes among other things determining:
 - i. The number of investment manager mandates to be established; and
 - ii. The size of each investment manager mandate.
 - f. Ensure execution of portfolio rebalancing and portfolio transitions;
 - g. Ensure that necessary research is performed into investment trends, issues and opportunities that may have implications for the OCERS investment program;
 - h. Ensure all necessary investment manager due diligence is performed in accordance with the Investment Policy Statement of the Board; and
 - i. Oversee the CIO's hiring and termination of investment managers.

Benefits Administration

8. The CEO will:
 - a. Recommend to the Board, as necessary, policies to ensure effective and efficient administration of member benefits;
 - b. Ensure accurate payment of benefits to members, and address problems or errors in accordance with established policies and procedures;
 - c. In consultation with medical evaluators and legal counsel, recommend disability applications to the Board and the Disability Committee for each of their consideration;
 - d. Maintain accurate records of member accounts;
 - e. Ensure delivery of high standards of service to members including calculations and counseling; and
 - f. Develop staff policies and procedures to ensure effective and efficient administration of member benefits.



OCERS Board Charter CEO Charter

Operations

9. The CEO will:
 - a. Recommend to the Board, as appropriate, Board policies designed to help ensure effective operations;
 - b. Develop and recommend to the Board a business plan and updates to the plan as necessary;
 - c. Recommend the annual Operating Budget to the Board;
 - d. Transfer funds within a category of expenditures (i.e., Salaries and Benefits; Services and Supplies; Capital Projects) within the approved Operating Budget;
 - e. Execute contractual agreements in accordance with the Procurement and Contracting Policy and authorize payments related to the administration of OCERS, consistent with the Operating Budget and OCERS' internal controls;
 - f. Account for and ensure appropriate collection, deposit and distribution of funds as required;
 - g. Implement internal operational control policies;
 - h. Ensure the appropriate design, acquisition, implementation, and maintenance of all technological systems required to administer OCERS;
 - i. Maintain the records of OCERS in a permanent and readily accessible format and in accordance with the Record Retention Policy and Guidelines;
 - j. Assist the Audit Committee in coordinating operational audits; and
 - k. Maintain an effective working relationship with the County and other plan sponsors of OCERS.

Finance, Actuarial and Accounting

10. The CEO will:
 - a. Recommend to the Audit Committee as appropriate, financial and accounting policies;
 - b. Implement appropriate internal financial controls to safeguard the assets of the OCERS;
 - c. Assist the Audit Committee in coordinating the annual financial audit;
 - d. Coordinate the actuarial valuation, actuarial experience studies, and actuarial audits;
 - e. Cause to be prepared a comprehensive annual financial report on the operations of OCERS for Board approval; and
 - f. File in the office of the County Auditor and with the Board of Supervisors a sworn statement which will exhibit the financial condition of the OCERS at the close of the preceding calendar year and its financial transactions for the year ending on that day as required by Government Code §31597.

Human Resources

11. The CEO will:
 - a. Recommend human resources and compensation policies to the Board;



OCERS Board Charter CEO Charter

- b. Assess the human resources needs of OCERS and establish and implement appropriate human resources programs and procedures, consistent with the human resources and compensation policies of the Board;
- c. Hire, manage and terminate senior management, and approve all personnel decisions concerning OCERS staff; and
- d. Implement and lead agency training, talent development and succession planning.

Legislation and Litigation

12. The CEO will:
- a. Recommend legislative proposals for approval by the Board;
 - b. Conduct and oversee the assigning, directing, and handling of litigation, claims, demands, disputes or legal proceedings involving OCERS and report material developments in these matters to the Board on a timely basis;
 - c. In consultation with legal counsel, provide recommendations to the Board concerning the initiation and settlement of litigation, including administrative appeals, involving OCERS; and
 - d. Oversee the development and implementation of plans to comply with newly enacted legislation and court rulings, as applicable.

Communications

13. The CEO will:
- a. Ensure effective and timely communications with stakeholders on matters relating to the administration of OCERS. Such communications may include press releases, newsletters, presentations, and internet communications; and
 - b. In situations that call for an official spokesperson to speak on behalf of OCERS, jointly determine with the Chair, on an issue-by-issue basis, who will act in such capacity.

Appointment of Service Providers

14. The CEO will cause the necessary due diligence to be performed for Named Service Providers, as listed in the Board Procurement and Contracting Policy, and will provide the Board with appropriate recommendations, in accordance with the Procurement and Contracting Policy and the Investment Policy Statement of the Board.
15. The CEO may hire other service providers, consistent with the Operating Budget and the Procurement and Contracting Policy and other policies of the Board, provided that the Board has not specifically retained the authority to hire such service providers.

Monitoring and Reporting

16. The CEO will provide the Board with relevant, appropriate and timely information to enable it to properly carry out its oversight and fiduciary responsibilities. Furthermore, the CEO will apprise the Board in a timely manner of all significant issues, problems, or



OCERS Board Charter CEO Charter

developments pertaining to OCERS and provide recommended courses of action as appropriate.

17. The CEO will:

- a. Oversee the regular review of all policies of OCERS to ensure they are being followed and continue to meet OCERS' needs;
- b. Oversee the activities of the Investment Division and report annually to the Board regarding the administrative oversight of the division, including identifying any issues that arose during the reporting period;
- c. Oversee the funded status of OCERS and all issues that may reasonably have a significant impact on such status;
- d. Oversee the investment performance of the Fund, the component asset classes, and the investment managers retained to manage the assets of the Fund;
- e. Oversee management's response to the findings of the annual financial audit, and of any internal audits that may be performed;
- f. Oversee employees and service providers of OCERS to ensure compliance with the OCERS policies;
- g. Oversee the activities and performance of key service providers including the actuary, financial auditor, investment consultant, legal counsel, and custodian on a regular basis;
- h. Oversee the activities and performance of senior management;
- i. Oversee the collection of all payments due to OCERS and the payment of all amounts due by OCERS to ensure accuracy and timeliness;
- j. Oversee OCERS' compliance with applicable laws and regulations; and
- k. In conjunction with legal counsel, oversee the status of all claims, demands, disputes and legal proceedings involving OCERS and report to the Board as appropriate.

Emergency Authority

18. In emergency situations, the CEO, after making reasonable attempts to contact the Board Chair and Vice Chair, will have the authority to act on matters not expressly stated within this charter provided that:

- a. The action is, in the CEO's judgment, necessary to protect the System, its employees, the Fund, or System assets from loss or harm that is reasonably likely to occur if action is delayed for the scheduling of a notices meeting of the Board or its committees; and



OCERS Board Charter CEO Charter

- b. The CEO promptly reports to the Board the emergency action taken, and the reasons why the CEO determined action was immediately necessary.

Charter Review

- 19. The Governance Committee will review this charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the charter remains relevant and appropriate.
- 20. This charter was adopted by the Board on November 18, 2002, and amended on August 25, 2008, July 20, 2015, April 18, 2018, and March 18, 2019.

Secretary's Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.

03/18/19

Steve Delaney
Secretary of the Board

Date

Orange County Employees Retirement System
2223 East Wellington Avenue | Santa Ana | 92701

2023-2025 STRATEGIC PLAN



MISSION, VISION AND VALUES

MISSION STATEMENT:

We provide secure retirement and disability benefits with the highest standards of excellence.

VISION STATEMENT:

To be a trusted partner providing premier pension administration, distinguished by consistent, quality member experiences and prudent financial stewardship.

VALUES:

- **O**pen and Transparent
- **C**ommitment to Superior Service
- **E**ngaged and Dedicated Workforce
- **R**eliable and Accurate
- **S**ecure and Sustainable

STRATEGIC PLAN

2023-2025 STRATEGIC GOALS

- Fund Sustainability
- Excellent Service and Support
- Risk Management
- Talent Management
- Effective Governance

FUND SUSTAINABILITY

STRENGTHEN THE LONG-TERM STABILITY OF THE PENSION FUND

Objective A: Mitigate the risk of significant investment loss

Objective B: Prudent Use and Security of Resources

EXCELLENT SERVICE AND SUPPORT

ACHIEVE EXCELLENCE IN THE SERVICE AND SUPPORT WE PROVIDE TO OUR MEMBERS AND EMPLOYERS

- Objective A:** Provide accurate and timely benefits
- Objective B:** Provide education to our members and employers
- Objective C:** Continuously improve business processes and procedures to be efficient and effective

RISK MANAGEMENT

CULTIVATE A RISK-INTELLIGENT ORGANIZATION

- Objective A:** Enhance governance of technology risk
- Objective B:** On enterprise scale, continuously assess technology environment and address risks
- Objective C:** Ensure compliance with industry frameworks and best practices
- Objective D:** Ensure a safe and secure workplace and public service facility

TALENT MANAGEMENT

RECRUIT, RETAIN AND EMPOWER A HIGH-PERFORMING WORKFORCE

- Objective A:** Recruit and retain a diverse, high-performing, knowledgeable workforce to meet organizational priorities
- Objective B:** Develop and empower every member of the team
- Objective C:** Cultivate a collaborative, inclusive and creative culture

EFFECTIVE GOVERNANCE

IMPROVE THE EFFECTIVENESS AND EFFICIENCY OF THE BOARD AND STAFF BY IMPLEMENTING BEST PRACTICES IN BOARD AND ORGANIZATIONAL GOVERNANCE

Objective A: Identify and Implement Leading Practices in Board Governance, Pension Administration, and Investment Management

LOOKING AHEAD 5-10 YEARS

Objective A: Investment best practices as fund approaches \$35 billion

Address by developing investment technology and team resources needed to manage the anticipated Portfolio

Objective B: Preparing for the new pension administration system

Address by determining how to maximize current pension administration system while determining level of next generation technology, including Artificial Intelligence (AI) capabilities to be added to new system.

Objective C: Short Term (Next 5 Years) – Multi-Factor Authentication for Member and Employer Accounts

Objective D: Long Term (Next 10 Years) – Use of Artificial Intelligence and Machine Learning to Detect Fraudulent Activity and Transactions



ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
www.ocers.org



Memorandum

DATE: May 24, 2023
TO: Members of the Personnel Committee
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **CEO PERFORMANCE REVIEW TIME PERIOD**

Recommendation

Change the period for the Chief Executive Officer’s (CEO) performance review from an annual January through December time period, to one that coincides with the OCERS Board’s annual September review of the Strategic Plan, by moving the performance review period to September through August.

Make the change effective with a truncated 2023 performance review period of January 2023 through August 2023.

Do NOT change the related salary consideration, with that process remaining as part of the normal October/November budget consideration and approval.

Background/Discussion

OCERS Board Chair Dewane would like to see the annual CEO performance review more closely tied to the execution of the OCERS Board’s multi-year Strategic Plan, the primary document adopted by the Board to summarize the Board’s collective direction to the CEO and staff.

The OCERS Board reviews the status of the multi-year Strategic Plan in September, as part of the annual Strategic Planning workshop, and adopts a revised Strategic Plan in October. Under the present CEO performance review process as provided for in the Chief Executive Officer Performance Policy (attached), the review occurs BEFORE the end of the calendar year, and thus before the end of a full 12-month cycle (January – December) since the adoption of the most recent Strategic Plan:

- 10. Evaluation of the Chief Executive Officer will be completed by November each year. The evaluation process itself will be conducted in executive session. The Chair will distribute a copy of the Master CEO Evaluation Form and invite discussion by the Board. At the conclusion of discussion, the Chief Executive Officer will join the Board for review and discussion of his/her performance along with any suggestions for improvement. The Board may have preliminary discussions in October, but will complete the process by November.

Changing the evaluation period to September through August better coincides with the Board’s annual review of the Strategic Plan. As the Board begins its review of the Strategic Plan in September, the Board will already know how well the CEO performed in executing the plan’s directives over the 12 months prior.

Chair Dewane would like to see this change enacted in 2023. That would mean that for 2023 the CEO performance review would cover a truncated period of January through August 2023. However, the annual review of CEO salary would remain part of the current October/November budget setting process.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer

Attachement:

2023

2024

2023 CALENDAR

2024 CALENDAR

JANUARY							FEBRUARY							MARCH						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
1	2	3	4	5	6	7			1	2	3	4			1	2	3	4		
8	9	10	11	12	13	14	5	6	7	8	9	10	11	5	6	7	8	9	10	11
15	16	17	18	19	20	21	12	13	14	15	16	17	18	12	13	14	15	16	17	18
22	23	24	25	26	27	28	19	20	21	22	23	24	25	19	20	21	22	23	24	25
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APRIL							MAY							JUNE						
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9	10	11	12	13	14	15	14	15	16	17	18	19	20	11	12	13	14	15	16	17
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30																				

JULY							AUGUST							SEPTEMBER						
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OCTOBER							NOVEMBER							DECEMBER						
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JANUARY							FEBRUARY							MARCH						
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OCTOBER							NOVEMBER							DECEMBER										
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Memorandum

DATE: May 24, 2023
TO: Members of the Personnel Committee
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: CEO ANNUAL SALARY NEGOTIATIONS

Recommendation

OCERS Board Chair Dewane suggests the OCERS Board appoint a designated representative under Government Code §54957.6(a) to negotiate the salary, salary schedule, or compensation paid in the form of fringe benefits of the OCERS CEO.

Background/Discussion

The OCERS Board has always been aware of, and compliant with, the Brown Act restrictions regarding discussing the CEO's salary in closed session. There is however a process under the Brown Act that allows the Board to go into closed session with a negotiator and give instructions to the negotiator on their authority to negotiate salary and benefits with the CEO who would in turn work directly with the CEO when the annual consideration of salary arises as part of the budget process.

The section of the Brown Act pertaining to this option is found in Government Code §54957.6(a), which states in full as follows:

(a) Notwithstanding any other provision of law, a legislative body of a local agency may hold closed sessions with the local agency's designated representatives regarding the salaries, salary schedules, or compensation paid in the form of fringe benefits of its represented **and unrepresented employees**, and, for represented employees, any other matter within the statutorily provided scope of representation.

However, prior to the closed session, the legislative body of the local agency shall hold an open and public session in which it identifies its designated representatives.

Closed sessions of a legislative body of a local agency, as permitted in this section, shall be for the purpose of reviewing its position and instructing the local agency's designated representatives.

Closed sessions, as permitted in this section, may take place prior to and during consultations and discussions with representatives of employee organizations and unrepresented employees.

Closed sessions with the local agency's designated representative regarding the salaries, salary schedules, or compensation paid in the form of fringe benefits may include discussion of an agency's available funds and funding priorities, but only insofar as these discussions relate to providing instructions to the local agency's designated representative.

Closed sessions held pursuant to this section shall not include final action on the proposed compensation of one or more unrepresented employees. (Emphasis added.)

A Revised Process

If the Board were to act under this provision, the revised process would be as follows:

1. At a regular Board meeting, there must first be an agenda item in open session to discuss and take action to designate and appoint a representative to negotiate with the CEO the salary, salary schedule, or compensation to be paid in the form of fringe benefits to the CEO. Generally, this would be the Chair of the Personnel Committee or another member of the Board.

2. Following the action above, the Board could go into closed session and ***discuss with the designated representative*** the salary, salary range, proposed compensation, etc. to be negotiated between the designated representative and the CEO, with direction to the designated representative to return to the Board with the results of the negotiation and any proposal. The Board, in that same closed session, can give instructions to the designated representative on their authority to negotiate salary and benefits with the CEO.

3. At a subsequent meeting, the Board can again go into closed session to meet with its designated representative and learn whether the negotiations have been successful or not. If so, then **on that same agenda (same meeting)**, an **open** session discussion and final vote can occur to adopt the compensation package negotiated with the CEO.

During the closed session discussions with the designated representative, the CEO **cannot** be present.

Submitted by:



SD - Approved

Steve Delaney
Chief Executive Officer



Memorandum

DATE: May 24, 2023
TO: Members of the Personnel Committee
FROM: Cynthia Hockless, Director of Human Resources
SUBJECT: **OCERS CLASSIFICATION AND COMPENSATION STUDY - UPDATE**

Information Only

This item is to provide an update on the task of uniting the OCERS staff into a single “directly employed” agency. This is an important step in strengthening OCERS employees' morale, commitment, and productivity. The first step in the process is to complete a Classification and Compensation study on the hourly workers job duties.

At the Board's direction, OCERS' Human Resources Department finalized an RFP for a consultant to craft individual job descriptions for each County of Orange OCERS employee. The consultant selected is Georg S. Krammer, Managing Director, Compensation and Rewards Consulting at Koff & Associates.

Phase one of the project is underway. OCERS has completed the initial communication meetings with the OCERS Team members, the County of Orange, and OCEA. Team members are now tasked with completing their Position Description Questionnaire (PDQ). The questionnaires will need to be approved by their direct supervisor and manager. The PDQs are scheduled to be sent to the consultant in early June.

Phase two will be partnering with Koff & Associates to perform a job analysis to review current job descriptions and create job descriptions that may be used in the event OCERS were to become one agency.

This project will continue through the end of the year. As key milestones are completed, we will review them first with the Personnel Committee, followed later by a review with the County of Orange Human Resources Department, as well as the Orange County Employees Association (OCEA). Once all parties have approved, and only if the involved employees themselves approve, we then will begin the legislative process that would be necessary to complete this task of transitioning all employees under OCERS.

Submitted by:



CH - Approved

Cynthia Hockless

Human Resources Director

2011



OCERS Classification and Compensation Study- Update

**Cynthia Hockless, Director of Human Resources
May 24, 2023**

2023 Talent Management Business Goal

TALENT MANAGEMENT

RECRUIT, RETAIN AND EMPOWER A HIGH-PERFORMING WORKFORCE

- Objective A:** Recruit and retain a diverse, high-performing, knowledgeable workforce to meet organizational priorities
- Objective B:** Develop and empower every member of the team
- Objective C:** Cultivate a collaborative, inclusive and creative culture

1. Pursue moving the workforce to be 100% employed by OCERS as a single agency
 - a. Continue the Classification and Compensation study of the County level positions (In partnership with the County of Orange



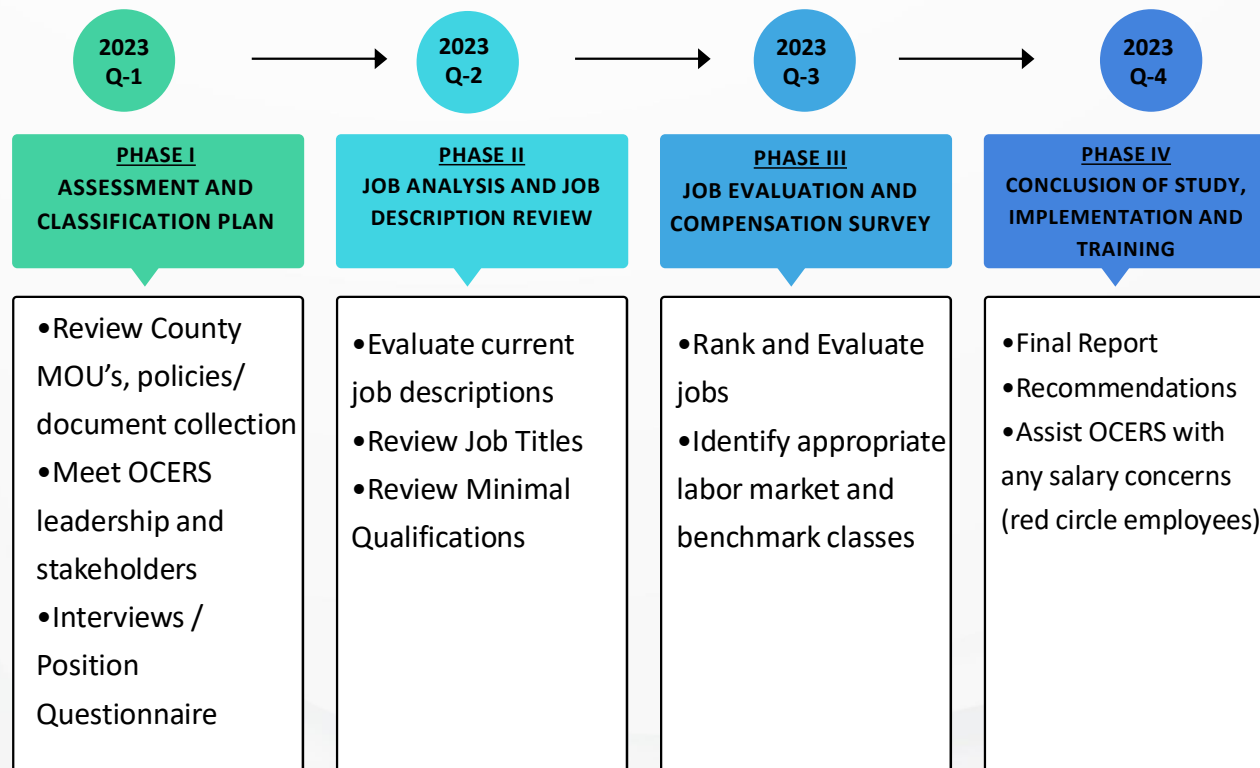
Class and Comp Study –SharePoint Page



- **Centralized SharePoint page:** A comprehensive resource for the Class and Comp process, offering employees a platform to ask questions, access the PDQ, and stay updated on the timeline

CLASSIFICATION & COMPENSATION STUDY

12-Month Timeline





Questions

